



THOMAS L. GARTHWAITE, M.D.
Director and Chief Medical Officer

FRED LEAF
Chief Operating Officer

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES
313 N. Figueroa Street, Los Angeles, CA 90012
(213) 240-8101

BOARD OF SUPERVISORS

Gloria Molina
First District

Yvonne Brathwaite Burke
Second District

Zev Yaroslavsky
Third District

Don Knabe
Fourth District

Michael D. Antonovich
Fifth District

October 29, 2002

TO: Each Supervisor

FROM: Thomas L. Garthwaite, M.D.
Director and Chief Medical Officer

J. Tyler McCauley
Auditor-Controller

SUBJECT: **DEPARTMENT OF HEALTH SERVICES CONTRACT MONITORING**

Your Board previously instructed the Department of Health Services (DHS) to centralize its contract monitoring function, and instructed DHS and the Auditor-Controller to evaluate how the changes in the contract monitoring system are working (Attachment I).

Since the Board order, DHS has taken the following steps to improve its contract monitoring:

- Established a centralized contract monitoring division and appointed a division chief,
- Prioritized monitoring efforts to focus on the Public Private Partnership (PPP) program, Office of Managed Care (OMC) audits, and Prop A Living Wage Ordinance Compliance,
- Continued to work with the Auditor-Controller to develop contract monitoring standards, monitoring instruments, and risk assessment tools.

In March 2002, the Auditor-Controller advised your Board that based on DHS' efforts to reorganize the contract monitoring function, the review of DHS contract monitoring would be completed in November 2002 (Attachment II). However, because of DHS' continuing focus on the Department's Redesign and Fiscal Stabilization Plan, DHS has been unable to allocate the staffing required to effectively centralize contract monitoring. As a result, we believe that the Auditor-Controller's review of the changes should be delayed until DHS can allocate the needed staff to fully centralize the contract monitoring function.

Each Supervisor
October 29, 2002
Page 2

DHS will continue to allocate items to the contract monitoring unit as they are identified during the Department's restructuring. Every effort will be made to provide the necessary additional staff without additional net County cost. DHS will advise the Board when the Department has been able to allocate sufficient staff to effectively centralize the contract monitoring function. At that time, DHS and the Auditor-Controller will develop a time table to review the monitoring function and report the results to the Board.

If you have any questions, please call.

TLG:FL

Attachments

c: Chief Administrative Officer
Executive Office, Board of Supervisors
Audit Committee



**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012-2766
PHONE: (213) 974-8301 FAX: (213) 626-5427

J. TYLER McCAULEY
AUDITOR-CONTROLLER

March 8, 2002

TO: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Yvonne Brathwaite Burke
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: J. Tyler McCauley
Auditor-Controller

SUBJECT: DEPARTMENT OF HEALTH SERVICES CONTRACT MONITORING

On July 24, 2001, your Board instructed the Department of Health Services (DHS) to centralize its contract monitoring function, and instructed DHS and the Auditor-Controller to report back within six months on how the changes in DHS' contract monitoring were working.

DHS indicated that they have been working to centralize the contract monitoring function. The following is a summary of the steps DHS has completed so far.

- Established the Centralized Contract Monitoring Division (CCMD) and appointed an acting Director of the CCMD.
- Transferred staff from Public Health to the CCMD to continue monitoring Public Health contractors.
- Together with the Department of Human Resources, identifying staff in other DHS units to transfer to the CCMD to perform contract monitoring.

CCMD has also been working with staff from my Audit Division to develop audit and sampling plans to be used in monitoring Public Private Partnership (PPP) contract clinics. DHS has also transferred staff from the Office of Managed Care to conduct PPP, Community Health Plan, and Healthy Family contract monitoring.

While DHS has made progress in centralizing the contract monitoring function, the CCMD is still in the start-up phase. Therefore, unless otherwise instructed, we plan to delay our review of the unit's effectiveness until it is fully staffed and operating. Based on DHS' plans for staffing and operating the unit, we expect to complete our review, and provide our report to your Board by August 30, 2002.

If you have any questions, please contact me or have your staff call DeWitt Roberts at (213) 974-0301.

JTM:PTM:DR

c: David E. Janssen, CAO
Violet Varona-Lukens, Executive Office
Thomas L. Garthwaite, DHS



MINUTES OF THE BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

Violet Varona-Lukens, Executive Officer-
Clerk of the Board of Supervisors
383 Kenneth Hahn Hall of Administration
Los Angeles, California 90012

Director of Health Services
Auditor-Controller

At its meeting held May 15, 2001, the Board took the following action:

143

The following item was called up for consideration:

The Director of Health Services' joint recommendation with the Director of Public Social Services to approve implementation plan for the Long-Term Family Self-Sufficiency Plan Project 10A, for a total of \$19.75 million in funding which focuses on the provision of community-based outreach and enrollment services for Medi-Cal, Healthy Families and other health coverage programs as a means of increasing access to health care.

Supervisor Molina made the following statement:

"The Interim Director of Public Social Services and the Director of Health Services are recommending an Implementation Plan and Request for Proposal Process to continue funding the provision of community-based outreach and enrollment services for Medi-Cal, Healthy Families and other health care coverage programs as a means of increasing access to health care.

"While the intent of spending another \$19.75 million appears beneficial, the Department of Health Services has identified significant flaws in its programmatic and fiscal monitoring of current Medi-Cal Outreach providers. Recently, we have learned that Health Services' staff failed to monitor programs effectively.

(Continued on Page 2)

"As Board Members, we have a responsibility to ensure that taxpayers are indeed benefiting from such services. In addition to our responsibility to the taxpayer, we have also committed to the Federal Government, under the 1115 Waiver Extension, to significantly increase the number of enrollees for Medi-Cal and Healthy Families Program eligibility. It is essential, therefore, that we ensure the \$19.75 million investment produces a tangible and effective work product.

"In the past few months, my District has suffered from the lack of monitoring that the Department of Health Services is responsible for conducting. Annual reviews of contracts are not enough; contractors may operate under the assumption that the County will not discover certain practices simply because we may not have enough staff to monitor the work product of programs which have been the recipient of millions of dollars which we have allocated. Monitoring throughout the Department is inconsistent, lacks standardization and accountability."

Therefore, Supervisor Molina made a motion that the Board take the following actions:

1. Adopt the Director of Health Services' attached joint recommendation with the Director of Public Social Services; and
2. Instruct the Director of Health Services to:
 - a. Evaluate the weaknesses that exist in the current monitoring oversight;
 - b. Reinstate the Contract Monitoring Unit (once operated out of the Inspection and Audit Division) and assign it the responsibility of overall contract monitoring; and
 - c. Report back to the Board within 30 days with an Implementation Plan that includes staffing, funding and responsibilities within existing financial resources.

(Continued on Page 3)

- 2 -

Syn. 143 (Continued)

Supervisor Knabe made a suggestion that Recommendation No. 2a in Supervisor Molina's motion be amended to instruct the Director of Health Services, in conjunction with the Auditor-Controller, to evaluate the current weaknesses with the Department's ongoing monitoring oversight, and report back to the Board within 30 days with findings and recommendations. Supervisor Molina accepted Supervisor Knabe's amendment.

Supervisor Molina's motion, as amended, seconded by Supervisor Knabe, was unanimously carried (Supervisor Burke being absent).

8051501-143

Attachment

Copies distributed:

Each Supervisor
Chief Administrative Officer
County Counsel